

Fiscal Year 2006 Amended Governor's Recommended Budget



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

Presentation to
House Health Appropriations Subcommittee
January 18, 2006



Medicaid Efficiencies

Medicaid Benefit Prior Year Reserves

(p. 4)

Programs:

Administration

Aged, Blind, and Disabled
Low Income Medicaid

House Tracking Item	Program	Reduction in State Funds (Use of Prior Year Reserves)
(#2a) Enrollment Broker for Georgia Healthy Families	Administration	(\$7,019,157)
(#2b) DHR Contract – RSM Medicaid	Administration	(\$3,800,000)
(#2c) Eligibility Contract Review	Administration	(\$1,870,000)
(#12) Medicaid Needs	Aged, Blind, and Disabled	(\$88,268,433)
(#21) Medicaid Needs	Low Income Medicaid	(\$56,242,775)
TOTAL		(\$157,200,365)



Medicaid Efficiencies Redirection (p. 4,5)

Programs:

Administration

Aged, Blind, and Disabled

Low Income Medicaid

House Tracking Item	Program	Change in State Funds
(#3) Fund Non-Emergency Transportation Contract	Administration	\$825,000
(#3) Fund Medicaid Modernization Contract	Administration	\$550,000
(#11) Redirect from Benefits	Aged, Blind, and Disabled	(\$446,050)
(#24) Redirect from Benefits	Low Income Medicaid	(\$928,950)
TOTAL		\$0



Medicaid Efficiencies

CMO Provider Fee (p. 4)

Programs:
Indigent Care Trust Fund
Low Income Medicaid

House Tracking Item	Program	CMO Provider Fee
REVENUE:		
(#5) Reflect CMO Provider Fee revenue in the budget	Indigent Care Trust Fund	\$21,534,195
USE OF REVENUE:		
(#16) Use CMO Provider Fee Revenue to fully fund additional Medicaid needs	Low Income Medicaid	(\$21,534,195)
TOTAL		\$0



Hughes Spalding Management by Children's Healthcare of Atlanta (p. 4, #6)

Program:
Indigent Care Trust Fund

Contributor	Annual	One-Time
State of Georgia	FY06 - \$2,000,000 FY07 - \$3,750,000	-0-
Grady Health Systems	\$2,000,000	-0-
Children's Healthcare of Atlanta	\$2,000,000	-0-
DeKalb County	\$125,000	\$250,000
Fulton County	\$375,000	\$750,000
City of Atlanta	-0-	\$150,000
TOTAL	FY06 - \$6,500,000 FY07 - \$8,250,000	\$1,150,000



Right from the Start Medicaid Expansion (p. 4)

Programs:

Indigent Care Trust Fund

Low Income Medicaid

House Tracking Item	Program	ICTF Funds	State Funds
(#8) Reflect the loss of ICTF funding for the RSM Medicaid Expansion	Indigent Care Trust Fund	(\$22,000,000)	\$0
(#23) Use state funds to continue the RSM Medicaid Expansion	Low Income Medicaid	\$0	\$22,000,000



Private Hospital Disproportionate Share Hospital FY 2005 Payments (p. 4, #9)

Program:
Indigent Care Trust Fund

	Private Facility	Total Funds		Private Facility	Total Funds
1	Atlanta Medical Center	\$ 4,341,284	14	Flint River Community Hospital	\$ 622,154
2	Barrow Community Hospital	\$ 462,964	15	Hamilton Medical Center	\$ 1,702,407
3	Berrien County Hospital	\$ 449,097	16	Louis Smith Memorial Hospital	\$ 737,976
4	Chestatee Regional Hospital	\$ 1,313,920	17	Memorial Hospital of Adel	\$ 553,765
5	Children's Healthcare of Atlanta (Egleston)	\$ 5,477,238	18	Phoebe Worth Medical Center	\$ 1,367,361
6	Children's Healthcare of Atlanta (Scottish Rite)	\$ 2,540,408	19	Smith Northview Hospital	\$ 284,971
7	Cobb Memorial Hospital	\$ 1,863,633	20	South Fulton Medical Center	\$ 2,937,484
8	Crawford Long Hospital of Emory University	\$ 3,106,779	21	Southwest Hospital and Medical Center	\$ 1,173,922
9	Donalsonville Hospital, Inc.	\$ 979,408	22	Stewart Webster Hospital	\$ 424,499
10	East Georgia Regional Medical Center	\$ 976,861	23	Tattnall Community Hospital	\$ 915,603
11	Emory Dunwoody Medical Center	\$ 546,649	24	Taylor Regional Hospital	\$ 460,403
12	Emory Peachtree Regional Hospital	\$ 660,039	25	Walton Medical Center	\$ 688,629
13	Fairview Park Hospital	\$ 394,181	26	Wheeler County Hospital	\$ 720,945
Total FY 2005 DSH Payments					\$35,702,580
Total FY 2005 DSH Payments (State)					\$14,123,941



Medicaid Efficiencies

Medicaid Benefit Projection (p.4)

Programs:

**Aged, Blind, and
Disabled**

Low Income Medicaid

- \$16.8 M available after updating Medicaid Projections for FY 2006 (as compared to the FY 2006 Benefit Appropriations)
- Reduction in projected cost from changes in outpatient hospital and pharmacy expenditures

House Tracking Item	Program	Reduction in State Funds (Use of Prior Year Reserves)
(#10) Medicaid Needs	Aged, Blind, and Disabled	(\$10,085,500)
(#18) Medicaid Needs	Low Income Medicaid	(\$6,723,668)
TOTAL		(\$16,809,168)



Medicaid Efficiencies Redirection (p. 4,5)

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**Aged, Blind, and
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(p. 4)

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TOTAL		(\$157,200,365)



Loss of Upper Payment Limit Proceeds (p. 4)

Programs:

**Aged, Blind, and
Disabled**

Low Income Medicaid

- **Due to changes in federal CMS policy, the state is no longer able to request that participating hospitals and nursing homes send the state more than the state share necessary to make Upper Payment Limit Payments**
- **As a result, there are no longer excess intergovernmental transfers available as a state matching fund source for Medicaid Benefit Payments**

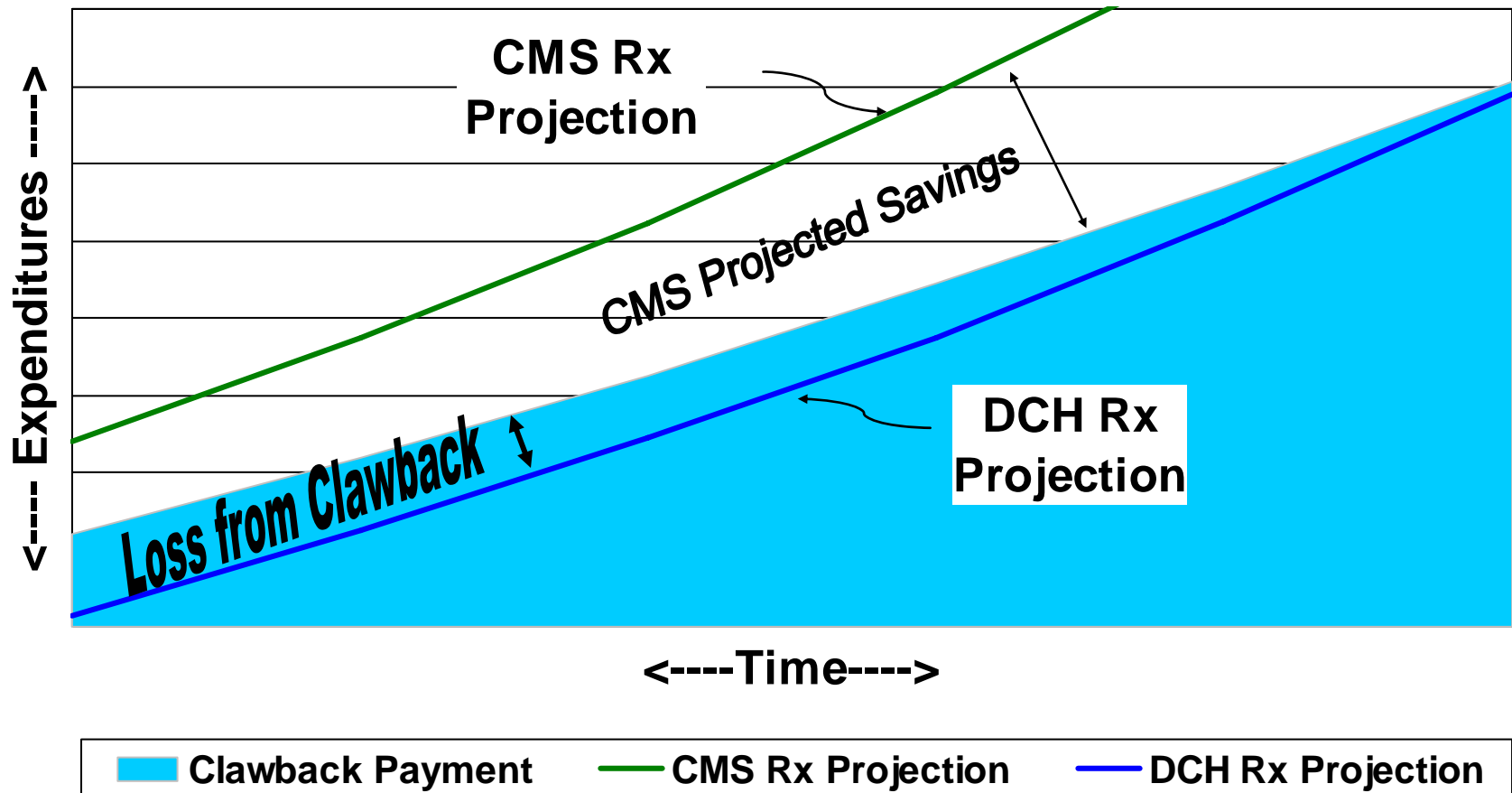
House Tracking Item	Program	State Funds
(#13) Replace UPL proceeds used for the Aged, Blind, and Disabled program	Aged, Blind, and Disabled	\$91,726,671
(#20) Replace UPL proceeds used for the Low Income Medicaid program	Low Income Medicaid	\$55,243,078
TOTAL		\$146,969,749



Demonstration of Medicare Part D Clawback Calculation (p. 4, #14)

Program:

Aged, Blind, and
Disabled





Medicaid

FY 2006 Budget Cuts (p. 4, #15)

Program:

**Aged, Blind, and
Disabled**

FY 2006 Budget Cuts with Savings Estimates Different than Appropriated

(State Funds in millions)	FY 2006 Appropriation	FY 2006 Estimate	Difference
Disease Management	\$23.3	\$9.6	(\$13.7)
ER Pilot Expansion	\$3.1	-	(\$3.1)
Transfer NH residents to SOURCE	\$0.8	-	(\$0.8)
Hospital Cost Settlements	\$39.2	\$49.2	\$10.0
TOTAL*	\$66.4	\$58.8	(\$7.5)

*may be rounding differences



Medicaid CMO Implementation

FY 2006 Budget Impact (p. 4)

Programs:

Administration

Low Income Medicaid

Managed Care Budget Item	Program	FY 2006 State Funds
(#2a) Enrollment Broker Contract	Administration	\$7,019,157
(#16) Use CMO Provider Fees to offset Medicaid Benefit Needs Assumes collection of 6% of CMO revenue deposited to the Indigent Care Trust Fund (#5)	Low Income Medicaid	(\$21,534,195)
(#17) Use CMO Savings to reduce Medicaid Benefit Needs Assumes savings of 8% over fee-for-service accrual expenditures*	Low Income Medicaid	(\$11,612,095)
(#22) Reflect cost of moving from a cash to accrual basis to make CMO capitation payments	Low Income Medicaid	\$18,869,655
TOTAL COST/(SAVINGS)		(\$7,257,478)
* Including net pharmacy expenditures (i.e., After drug rebates applied to reduce pharmacy expenses)		



Medicaid Efficiencies

Medicaid Benefit Projection (p. 4)

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Aged, Blind, and Disabled

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Medicaid Efficiencies Redirection (p. 4, 5)

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Nursing Home Provider Revenue

(p. 5, #25)

Program:

Nursing Home Provider
Fee

Base Period	Bed Days Subject to Provider Fee	Revenue @ \$9.15 per Day
Used for FY 2006 Appropriations	10,954,020	\$100,229,284
Bed Days per Most Recent Nursing Home Report	10,851,057	\$99,287,176
Difference	102,963	(\$942,108)



Program Budget Summary

FY 2006 – 4.4% Increase in Total Funds

Program	FY06 Appropriation HB#85	Total Fund Changes	FY06 Governor's Recommendation
Aged, Blind, and Disabled Medicaid	\$3,586,371,934	(\$9,899,311)	\$3,576,472,623
Low Income Medicaid	2,631,014,671	179,375	2,631,194,046
PeachCare for Kids	241,496,714	0	241,496,714
Indigent Care Trust Fund	368,267,504	125,910,819	494,178,323
Nursing Home Provider Fee	248,196,640	(2,388,712)	245,807,928
Health Care Access	6,436,389	1,075	6,437,464
Administration and Program Support	308,047,110	27,319,008	335,366,118
State Health Benefit Plan	1,959,882,468	232,118,461	2,192,000,929
Attached Agencies	42,054,895	1,515	42,056,410
TOTAL	\$9,391,768,325	\$373,242,230	\$9,765,010,555



Program Budget Summary

FY 2006 – 1.7% Increase in State Funds

Program	FY06 Appropriation HB#85	State Fund Changes	FY06 Governor's Recommendation
Aged, Blind, and Disabled Medicaid	\$897,259,297	(\$446,050)	\$896,813,247
Low Income Medicaid	1,085,234,722	1,096,091	1,086,330,813
PeachCare for Kids	67,159,673	0	67,159,673
Indigent Care Trust Fund	0	37,534,195	37,534,195
Nursing Home Provider Fee	100,229,284	(942,108)	99,287,176
Health Care Access	5,786,551	1,075	5,787,626
Administration and Program Support	62,221,212	1,382,283	63,603,495
State Health Benefit Plan	0	0	0
Attached Agencies	42,054,896	1,515	42,056,410
STATE/TOBACCO	\$2,259,945,634	\$38,627,001	\$2,298,572,635



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH



Upper Payment Limits

(p. 4, #13, #20)

Example: Impact of Reduction in UPL Payments Combined with Changes in IGT's Submitted

